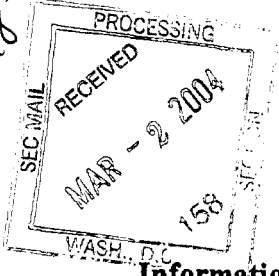


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MISSION

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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

AM 3/17/2003

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	October 31, 2004
Estimated average burden hours per response.....12.00	

SEC FILE NUMBER
8-45302

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01-01-2003 AND ENDING 12-31-2003  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: INTEGRITY INVESTMENTS, INC.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

221 PENSACOLA ROAD

(No. and Street)

VENICE

(City)

FL

(State)

34285

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

FRANK A. FICARRA, CPA, PA

(Name - if individual, state last, first, middle name)

4837 SWIFT ROAD

(Address)

SARASOTA

(City)

FL

(State)

34231

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

PROCESSED

APR 01 2004

THOMSON  
FINANCIAL

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

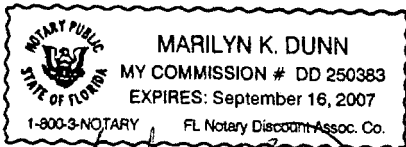
SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SW

OATH OR AFFIRMATION

I, RICHARD F. CURCIO, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of INTEGRITY INVESTMENTS, INC., as of DECEMBER 31, 20 03, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Marilyn K. Dunn  
Notary Public

Richard F. Curcio  
Signature

PRESIDENT  
Title

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.  
☒ (b) Statement of Financial Condition.  
☒ (c) Statement of Income (Loss).  
☒ (d) Statement of Changes in Financial Condition.  
☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.  
☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.  
☒ (g) Computation of Net Capital.  
☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.  
☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.  
☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.  
☒ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.  
☒ (l) An Oath or Affirmation.  
NA ☐ (m) A copy of the SIPC Supplemental Report.  
☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

# FRANK A. FICARRA, C.P.A., P.A.

Certified Public Accountant

4837 Swift Road, Suite 210

Sarasota, Florida 34231

TEL (941)-923-2537 FAX (941)-923-2542 E-mail [frankficarra@yahoo.com](mailto:frankficarra@yahoo.com)

---

Board of Directors  
Integrity Investments, Inc.  
Venice, Florida

I issued an audit report on the financial statements of Integrity Investments, Inc. on February 24, 2004. In connection with that audit report I have been asked to comment on any material inadequacies found to exist or found to have existed from my previous audit.

As noted in my report, I am not aware of any material modifications that need to be made to your financials. I am also not aware of any existing material inadequacies in the financial statements or in your record keeping.



FRANK A. FICARRA, C.P.A., P.A.

Sarasota, Florida

February 26, 2004

# FRANK A. FICARRA, C.P.A., P.A.

Certified Public Accountant

4837 Swift Road, Suite 210

Sarasota, FL 34231

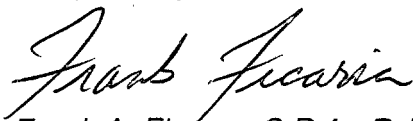
TEL (941)-923-2537 FAX (941)-923-2542 Email:frankficarra@yahoo.com

February 26, 2004

To The Board of Directors  
Integrity Investments, Inc.  
Venice, Florida

In accordance with your request I have audited your anti-money laundering procedures for compliance with regulations regarding those matters. In connection with my audit I have not encountered any receipts of cash or foreign currencies or checks or direct wires going through the company's accounts. There have been no direct deposits of funds from clients as all of the investment activity has been made directly into the funds that the company is responsible to oversee. I therefore attest that the company has fully complied with the anti money laundering regulations.

Respectfully submitted,

A handwritten signature in cursive script that reads "Frank Ficarra".

Frank A. Ficarra, C.P.A., P.A.

**INTEGRITY INVESTMENTS, INC.  
(A CORPORATION)**

**FINANCIAL STATEMENTS**

**December 31, 2003**

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# FRANK A. FICARRA, C.P.A., P.A.

**Certified Public Accountant**

4837 Swift Road, Suite 210

Sarasota, FL 34231

TEL (941)-923-2537

FAX (941)-923-2542

E-mail [frankficarra@yahoo.com](mailto:frankficarra@yahoo.com)

**To The Board of Directors  
Integrity Investments, Inc.  
Venice, Florida**

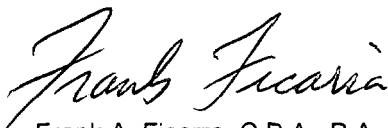
I have audited the accompanying balance sheet of Integrity Investments, Inc., as of December 31, 2003, and the related statements of loss and accumulated deficits, and cash flows for the year then ended. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As more fully described in Note C to the financial statements, the company, as parent company to Integrity Management & Research, Inc., a wholly owned subsidiary, carries the investment in the subsidiary on its books at cost. In my opinion, generally accepted accounting principles require that all majority-owned subsidiaries be consolidated with the financial statements of the parent company.

In my opinion, except for the effects of not including the subsidiary's results of operations in consolidated financial statements as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Integrity Investments, Inc., as of December 31, 2003, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

The accompanying schedules and information relating to capital and reserve requirements are presented as supplementary data and have been subject to audit procedures applied in the basic financial statements. Further supplemental information contained with respect to condensed financial information of the subsidiary was subject to the same auditing procedures applied in the audit of the subsidiary financial statements. I did not become aware of any material modifications that should be made to such data.



Frank A. Ficarra, C.P.A., P.A.  
Sarasota, Florida  
February 24, 2004

**INTEGRITY INVESTMENTS, INC.**  
**BALANCE SHEET**  
**December 31, 2003**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 86,096	
Accounts receivable - Intercompany	80,000	
Prepaid expenses	<u>704</u>	
<b>TOTAL CURRENT ASSETS</b>		<b>\$ 166,800</b>

**INVESTMENTS**

Investment in subsidiary	<u>588,736</u>	
<b>TOTAL INVESTMENTS</b>		<b>588,736</b>

**PROPERTY AND EQUIPMENT**

Condominium office	198,344	
Office furniture and fixtures	19,480	
Office equipment	21,413	
Land	29,715	
Less: Accumulated depreciation	<u>(35,045)</u>	
<b>NET PROPERTY AND EQUIPMENT</b>		<b>233,907</b>

**OTHER ASSETS**

Deferred charges ( organization costs)	3,702	
Less: accumulated amortization	<u>(3,702)</u>	
<b>NET OTHER ASSETS</b>		<b>-</b>

<b>TOTAL ASSETS</b>		<b><u>\$ 989,443</u></b>
---------------------	--	--------------------------



**INTEGRITY INVESTMENTS, INC.**  
**BALANCE SHEET**  
**December 31, 2003**

**LIABILITIES & STOCKHOLDERS' EQUITY**

**CURRENT LIABILITIES**

Accounts payable - trade	\$ 2,633
Accrued expenses	2,257
Current portion of long-term debt	<u>43,505</u>

**TOTAL CURRENT LIABILITIES** \$ 48,395

**NON-CURRENT LIABILITIES**

Notes payable - bank	\$161,431
Subordinated loan payable	125,000
Subordinated accrued interest	<u>137,512</u>

**TOTAL NON-CURRENT LIABILITIES** \$423,943

**STOCKHOLDERS' EQUITY**

Common stock, \$.10 par value. 10,000,000 shares authorized, 9,589,184 issued and outstanding	958,920
Additional paid-in capital	493,500
Treasury stock	(140,000)
Retained earnings (deficit)	<u>(795,315)</u>

**TOTAL STOCKHOLDERS' EQUITY** 517,105

**TOTAL LIABILITIES AND STOCKHOLDERS'  
EQUITY** \$ 989,443

**INTEGRITY INVESTMENTS, INC.**  
**STATEMENT OF INCOME AND ACCUMULATED DEFICIT**  
**For the year ended December 31, 2003**

**REVENUES**

Commissions	\$ 384,279
Intercompany transfers	<u>1,035,000</u>

<b>TOTAL REVENUES</b>	<b>\$ 1,419,279</b>
-----------------------	---------------------

**EXPENSES**

Selling expenses	170,010
General and administrative expenses	<u>1,233,604</u>

<b>TOTAL EXPENSES</b>	<u><b>1,403,614</b></u>
-----------------------	-------------------------

<b>INCOME FROM OPERATIONS</b>	<b>15,665</b>
-------------------------------	---------------

**NON-OPERATING (INCOME) AND EXPENSE**

Dividend income	(584)
Interest expense	<u>17,781</u>

<b>NET NON-OPERATING EXPENSE</b>	<u><b>17,197</b></u>
----------------------------------	----------------------

<b>(LOSS) BEFORE TAXES</b>	<b>(1,532)</b>
----------------------------	----------------

<b>INCOME TAXES</b>	<u><b>-</b></u>
---------------------	-----------------

<b>NET (LOSS)</b>	<b>(1,532)</b>
-------------------	----------------

<b>RETAINED EARNINGS (DEFICIT)</b>	
<b>AT BEGINNING OF YEAR</b>	<u><b>(793,783)</b></u>

<b>RETAINED EARNINGS (DEFICIT)</b>	
<b>AT END OF YEAR</b>	<u><b>\$ (795,315)</b></u>

**INTEGRITY INVESTMENTS, INC.**  
**STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2003

**CASH FLOW FROM OPERATING ACTIVITIES**

<b>NET INCOME (LOSS)</b>	(\$1,532)
Adjustments to reconcile net (loss) to net cash provided by operating activities:	
Depreciation expense	2,989
Decrease in intercompany account receivable	5,000
Increase in prepaid assets	(545)
Decrease in accounts payable	(24,740)
Increase in accrued expenses	2,257
Increase in accrued interest	15,000
Decrease in security deposit	<u>3,175</u>

**NET CASH PROVIDED BY OPERATING  
ACTIVITIES**

\$ 1,604

**CASH FLOWS FROM INVESTMENT ACTIVITIES**

Purchase of condominium office	<u>(228,059)</u>
--------------------------------	------------------

**NET CASH (USED) BY INVESTING ACTIVITIES**

(228,059)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from bank loans	208,200
Principal payments on bank loans	<u>(3,264)</u>

**NET CASH PROVIDED BY FINANCING ACTIVITIES**

204,936

**NET INCREASE (DECREASE) IN CASH AND  
CASH EQUIVALENTS**

(21,519)

**CASH AT BEGINNING OF YEAR**

107,615

**CASH AND CASH EQUIVALENTS AT END OF YEAR**

\$ 86,096

**SUPPLEMENTAL DISCLOSURES**

Interest paid	\$ 2,780
Income taxes paid	\$ -

**INTEGRITY INVESTMENTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2003**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business**

Integrity Investments, Inc., was incorporated on September 8, 1992, and acts as a broker-dealer and distributor for the Valiant funds, as well as other institutional funds and variable annuities.

Integrity Investments, Inc., is the parent company to Integrity Management and Research, Inc., a 100% wholly owned subsidiary formed on September 21, 1992, to provide advisory services to the Valiant funds, a series of mutual funds that are distributed by Integrity Investments, Inc.

**Property and Equipment**

Property and equipment are carried at cost. Depreciation is provided using the straight-line method for financial reporting purposes and accelerated MACRS 150% DB for federal income tax purposes.

**Amortization of Deferred Charges**

The company incurred expenditures incident to its creation, and the Company elected to amortize these expenses over five years beginning October 1, 1993, when business commenced for both tax and book reporting purposes.

**Income Taxes**

Beginning in 1992, the Company's operations were consolidated with their wholly owned subsidiary, Integrity Management and Research, Inc., for income tax purposes. The Companies have not accrued any deferred taxes for timing differences resulting from different book and tax depreciation methods because of the large net operating loss carry forward.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE B - CASH EQUIVALENT**

The cash equivalent consists of fourteen (14) portfolios in the Valiant funds. Seven of which are money market portfolios and seven of which are U.S. Treasury income portfolios. Dividends from each of the funds are reinvested in their respective accounts. Although each portfolio's policies are designed to maintain a stable net asset value of \$1.00 per share, and could change in value when interest rates change along with other outside influencing factors, the portfolio's investment managers believe that the policies and strategies used present minimal credit risks. As of December 31, 2003, the cash equivalents after dividend reinvestments are carried on the books at \$57,447.

**NOTE C - INVESTMENTS AND RELATED PARTY TRANSACTIONS**

Integrity Investments, Inc., is the parent company to Integrity Management and Research, Inc., a wholly owned subsidiary which was incorporated on September 24, 1992. While Integrity Management was in a developmental stage from inception through December 1994, considerable organization and administrative expenses had been incurred which required additional funding by the parent company. The investment in the subsidiary is carried on the books at cost with no adjustment for cumulative losses to date. The company acts as the promoter for the Valiant Fund shares and provides shareholder services. In return, it receives commissions from the subsidiary for these services.

**INTEGRITY INVESTMENTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2003**

**NOTE D - INCOME TAXES**

In the years ended December 31, 1992, through 2003, the parent and subsidiary have cumulative net operating losses for both income tax and financial reporting purposes. The operating losses have been available to offset federal taxable income for subsequent years. No tax benefit was recorded in prior financial statements because of the uncertainty of future results of operations.

In the current year, no tax provision (expense) has been recorded. Also, because of the continuing uncertainty of results of operations, no future tax benefits have been recorded.

**NOTE E - CAPITAL STOCK**

There were no additional shares of common stock issued or additional paid-in capital received during the year ended December 31, 2003.

**NOTE F - LONG-TERM SUBORDINATED LOAN PAYABLE**

The Company received \$125,000 through the issuance of a 12% subordinated loan DTD October 1, 1994, with an effective date of October 28, 1994. The original terms of the loan specified that the principal sum of \$125,000 was to be paid on October 31, 1997, at the principal offices of the company together with interest thereon payable at the rate of 12% per annum.

The subordinated loan agreement for equity capital was submitted to the NASD and was found acceptable as of October 28, 1996.

Permission was also requested from the NASD to allow for the subordination of the accrued interest on the subordinated loan. NASD granted permission on February 17, 1997, to allow this change to be made.

The company has periodically requested NASD approval to extend the original due date of the subordinated loan. The latest extension of the due date is September 30, 2005 together with all interest accrued. The latest NASD approval was granted on September 16, 2003.

The cash proceeds previously received under these agreements is being used and dealt with by the Company as part of its capital and is subject to the risks of the business.

The lender irrevocably agrees that the obligation of the Company with respect to the repayment of principal and interest under this agreement shall be subject to payment of all claims of present or future creditors of the Company arising out of any matter occurring prior to the date on which the related payment obligation matures.

Further, Appendix D of Section Rule 15C3-1, requires the prior written approval of NASD before any repayment of a subordination agreement can be made. Unsecured advances to the lender during the term of the agreement are not permitted.

In addition, no prepayments can be made before the expiration of one year from the effective date of the original agreement.

Further provisions covering these agreements are contained within 17CFR240-15C3-1 to C3-3a.

**INTEGRITY INVESTMENTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2002**

**NOTE G – NOTE PAYABLE**

The Company obtained financing from Wachovia Bank on September 15, 2003 to facilitate the purchase and remodeling of a condominium office. Terms of the loans are as follows:

1. Promissory note dated September 15, 2003, in the amount of \$ 178,200 with interest at 6.05% on the unpaid balance, with consecutive monthly payments of principal and interest in the amount of \$1990.76, commencing on October 15, 2003 until the completed balance is paid in full by September 15, 2008, collateralized by real and personal property as described in the security instrument.
2. Promissory note dated September 15, 2003 in the amount of \$100,000 with interest at the bank's prime rate. This is a line of credit providing for payment of interest only commencing October 15, 2003 with all principal and interest becoming due and payable on September 15, 2004. The note is an unsecured note. As of December 31, 2003, only \$30,000 was drawn against this line of credit.

**NOTE H – OFFICE BUILDING ACQUISITION AND REMODELING COSTS**

The Company has been operating from leased facilities from its inception in 1992 and continued to do so through January 2004. On September 15, 2003 the Company purchased a condominium office in Venice, Florida and chose to remodel the unit to better provide for the Company's operations. A certificate of occupancy was obtained in January 2004 and the Company moved its operation to the new location on February 1, 2004.

## **SUPPLEMENTARY INFORMATION**

**INTEGRITY INVESTMENTS, INC.**  
**SCHEDULES OF SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**  
**For the year ended December 31, 2003**

**SELLING EXPENSES**

Advertising	\$21,971
Commissions - subcontractors	74,381
Dues	5,297
Entertainment	17,572
Travel and lodging	49,503
Client promotion	<u>1,286</u>

**TOTAL SELLING EXPENSES**

**\$170,010**

**GENERAL AND ADMINISTRATIVE EXPENSES**

Accounting and auditing	\$ 19,048
Bank service charges	455
Depreciation	2,989
Donations	100
Dues and subscriptions	714
Education, seminars and conventions	10,286
Insurance	79,480
Leases - equipment	1,211
Legal	1,038
Licenses, registration fees	5,706
Office supplies and expense	2,493
Office cleaning and maintenance	2,948
Postage	3,858
Printing	702
Professional services	46,746
Recordkeeping	87,867
Rent	37,614
Salaries - office	870,500
Taxes - payroll	42,354
Taxes and penalties - other	484
Telephone, cable and internet	15,143
Utilities - electric	<u>1,870</u>

**TOTAL GENERAL AND  
ADMINISTRATIVE EXPENSES**

**\$ 1,233,606**



**INTEGRITY INVESTMENTS, INC.**  
**COMPUTATION OF NET CAPITAL REQUIREMENTS**  
**For the year ended December 31, 2003**

**SCHEDULE 1**

**COMPUTATION OF NET CAPITAL PURSUANT  
TO RULE 15C3-1**

Capital		\$ 517,105
Add back: Subordinated loans		262,512
Deduct: Non-allowable assets		
Investment in subsidiary	\$ 588,736	
Cost of property and equipment	97,708	
Allowance for depreciation	(37,747)	
Prepaid expenses	704	
Accounts receivable - intercompany	80,000	<u>729,401</u>
Current capital		50,216
Deduct haircuts		<u>1,149</u>
Net allowable capital		49,067
Required capital		<u>13,974</u>
Excess net capital		<u>\$ 35,093</u>

**SCHEDULE 2 -**

**COMPUTATION OF RESERVE REQUIREMENTS  
PURSUANT TO RULE 15C3-3**

Reserve requirement is not required under exception 15c3-3(k)(1)(ii)

**SCHEDULE 3 -**

**INFORMATION RELATING TO POSSESSION OR  
CONTROL REQUIREMENTS UNDER RULE 15(C)3-3**

There is no information required under rule 15(C)3-3 as the company is an institutional broker dealing in mutual funds and at no time has possession of any customer securities or cash.

**INTEGRITY INVESTMENTS, INC.**  
**RECONCILIATION OF COMPUTATION OF NET CAPITAL**  
**For the year ended December 31, 2003**

**Reconciliation of computation of net capital pursuant of Rule 15C3-1 between audited statements and unaudited statements at December 31, 2003.**

	<u>Audited</u>	<u>Un-audited</u>	<u>Difference</u>
Total assets	\$ 989,443	\$ 994,846	\$ (5,403)
Less total liabilities	<u>472,338</u>	<u>479,448</u>	<u>7,110</u>
Net worth	517,105	515,398	1,707
Add subordinated loans	<u>262,512</u>	<u>262,512</u>	<u>-</u>
Adjusted net worth	779,617	777,910	1,707
Less non-allowable assets			
Investment in subsidiary	588,736	588,736	-
Due from related party	80,000	80,000	-
Condominium office and land	53,113	56,775	(3,662)
Furniture and fixtures	19,480	19,480	-
Office equipment	21,413	21,413	-
Accumulated depreciation	(34,045)	(34,073)	(28)
Organizational costs	3,702	3,702	-
Accumulated amortization	(3,702)	(3,702)	-
Security deposits	-	3,175	(3,175)
Prepaid expenses	<u>704</u>	<u>157</u>	<u>547</u>
Total non-allowable	729,401	735,663	6,262
Current capital	50,216	42,247	7,969
Less: haircuts	<u>1,149</u>	<u>1,149</u>	<u>-</u>
Net capital	49,067	41,098	7,969
Required net capital	<u>13,974</u>	<u>14,462</u>	<u>(488)</u>
Excess net capital	<u>\$ 35,093</u>	<u>\$ 26,636</u>	<u>\$ 8,457</u>

**Explanation of differences**

The principal differences in total assets and liabilities and, therefore, an increase in net worth, was a result of adjustments to year end payables, pre-paid expense, and adjustments to the property and equipment accounts for acquisition costs and depreciation expense.

**INTEGRITY INVESTMENTS, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
For the period of Septemeber 8, 1992 (date of inception) to December 31, 2003

	<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-in</u>	<u>Earnings</u>
Beginning balances				
September 8, 1992	-	\$ -	\$ -	\$ -
(inception)				
Stocks issued:				
9/8/92	1,000,000	\$ 100,000		\$ -
3/29/93	1,000,000	100,000		
6/8/93	1,000,000	100,000		
9/17/93	1,000,000	100,000	\$ -	\$ -
Stock issued 1993	<u>4,000,000</u>	<u>400,000</u>	<u>\$ -</u>	<u>\$ -</u>
Balances December 31, 1993	4,000,000	\$ 400,000	-	\$ (17,512)
Stocks issued:				
1/28/94	80,000	8,000		
1/28/94	150,000	15,000		
1/28/94	40,000	4,000		
1/28/94	150,000	15,000		
1/28/94	150,000	15,000		
1/28/94	250,000	25,000		
3/16/94	180,000	18,000		
4/25/94	250,000	25,000		
6/28/94	250,000	25,000		
6/28/94	400,000	40,000		
11/14/94	113,701	11,370		
11/16/94	35,000	3,500		
11/16/94	35,000	3,500		
11/16/94	35,000	3,500		
12/31/94	200,000	20,000		
12/31/94	200,000	20,000		
12/31/94	47,037	4,704		
12/31/94	10,000	1,000		
12/31/94	<u>42,170</u>	<u>4,217</u>	<u>-</u>	<u>-</u>
Stocks issued 1994	<u>2,617,908</u>	<u>261,791</u>	<u>-</u>	<u>-</u>
Balances December 31, 1994	6,617,908	\$ 661,791	\$ -	\$ (331,553)

**INTEGRITY INVESTMENTS, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**For the period of Septemeber 8, 1992 (date of inception) to December 31, 2003**

Balances December 31, 1994	6,617,908	\$ 661,791	\$ -	\$(331,553)
Stocks issued:				
2/16/95	500,000	50,000		
2/16/95	60,000	6,000		
3/1/95	250,000	25,000		
4/30/95	100,000	10,000		
5/26/95	14,571	1,457		
6/1/95	231,715	23,172		
8/1/95	25,000	2,500		
10/25/95	100,000	10,000		
12/31/95	70,000	7,000		
12/31/95	60,000	6,000		
12/31/95	60,000	6,000		
12/31/95	60,000	6,000		
12/31/95	70,000	7,000	-	-
Stocks issued 1995	<u>1,601,286</u>	<u>160,129</u>	<u>\$ -</u>	<u>-</u>
Balances December 31, 1995	8,219,194	\$ 821,920	-	\$(471,544)
Stock				
2/14/96	10,000	1,000		
11/14/96	<u>200,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
Stocks issued 1996	<u>210,000</u>	<u>21,000</u>	<u>-</u>	<u>-</u>
Balances December 31, 1996	8,429,194	\$ 842,920	\$ -	\$(536,446)
Stocks issued:				
3/24/97	75,000	7,500		
10/13/97	50,000	5,000		
12/9/97	<u>18,500</u>	<u>1,850</u>	<u>-</u>	<u>-</u>
Stocks issued 1997	<u>143,500</u>	<u>14,350</u>	<u>-</u>	<u>-</u>
Balances December 31, 1997	8,572,694	\$ 857,270	\$ -	\$(575,326)

**INTEGRITY INVESTMENTS, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**For the period of Septemeber 8, 1992 (date of inception) to December 31, 2003**

Balances December 31, 1997	8,572,694	\$ 857,270	\$ -	\$ (575,326)
Stock issued:				
6/16/98	16,500	1,650		
6/22/98	20,000	2,000		
6/22/98	20,000	2,000		
8/31/98	200,000	20,000	110,000	
8/31/98	20,000	2,000		
8/31/98	70,000	7,000		
10/5/98	<u>70,000</u>	<u>7,000</u>	<u>38,500</u>	<u>-</u>
Stocks issued 1998	<u>416,500</u>	<u>41,650</u>	<u>148,500</u>	<u>-</u>
Balances December 31, 1998	8,989,194	\$ 898,920	\$ 148,500	\$ (721,845)
Stocks issued 1999				
10/25/99	<u>300,000</u>	<u>30,000</u>	<u>165,000</u>	<u>-</u>
Stock issued 1999	<u>300,000</u>	<u>30,000</u>	<u>165,000</u>	<u>-</u>
Balances December 31, 1999	9,289,194	\$ 928,920	\$ 313,500	\$ (729,114)
Stock issued 2000				
5/24/00	300,000	30,000	180,000	
Less treasury shares purchased 5/24/00 (Repurchase cost \$140,000)	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net stock issued 2000	<u>100,000</u>	<u>30,000</u>	<u>180,000</u>	<u>-</u>
Balances December 31, 2000	9,389,194	\$ 958,920	\$ 493,500	\$ (739,733)
Stock issued 2001	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balances December 31, 2001	9,389,194	\$ 958,920	\$ 493,500	\$ (726,802)
Stock issued 2002	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balances December 31, 2002	9,389,194	\$ 958,920	\$ 493,500	\$ (793,783)

**INTEGRITY INVESTMENTS, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**For the period of Septemeber 8, 1992 (date of inception) to December 31, 2003**

Balances December 31, 2002	9,389,194	\$ 958,920	\$ 493,500	\$ (793,783)
Stock issued 2003	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balances December 31, 2003	<u>9,389,194</u>	<u>\$ 958,920</u>	<u>\$ 493,500</u>	<u>\$ (793,783)</u>

**INTEGRITY INVESTMENTS, INC.**  
**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS**  
**For the year ended December 31, 2003**

The following subordinated liabilities to claims of general creditors have been approved by the NASD:

	<b>Maturity Date</b>	<b><u>12/31/2002</u></b>
Subordinated loans payable	9/30/2005	\$ <u>125,000</u>
Total loan payable		\$125,000
Subordinated accrued interest (note 1)		<u>137,512</u>
Total subordinated liabilities		<u>\$262,512</u>

Note (1): The Company requested permission to subordinate the accrued interest on the subordinated loan to allow it as additional capital.

On September 16, 2003, approval was received to extend the maturity date on the loan from September 30, 2004 to September 30, 2005.